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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

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JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES
GARY PIERCE

AZ CORP COMMISSION
DOCUMENT CONTROL

DOCKETED BY

MW

IN THE MATTER OF THE APPLICATION OF
JOHNSON UTILITIES COMPANY FOR AN
EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY FOR
WASTEWATER SERVICE.

DOCKET NO. WS-02987A-04-0889

PROCEDURAL ORDER

BY THE COMMISSION:

On October 25, 2006, the Arizona Corporation Commission ("Commission") issued Decision No. 68236 which granted Johnson Utilities Company ("JUC") an extension of its Certificate of Convenience and Necessity ("Certificate") to provide public water and wastewater utility service to various parts of Pinal County, Arizona.

Decision No. 68236 required JUC, among other things, to "procure a \$500,000 performance bond, with proof of such performance bond filed in Docket Control, as a compliance item in this docket, prior to retail service being provided to any customers in the CC&N extension area."

On March 14, 2006, JUC filed an Application to Amend Decision No. 68236. In its Application, JUC stated that it had obtained a Letter of Credit for \$500,000 in lieu of a performance bond and therefore seeks an amendment to Decision No. 68237 to allow substitution of the Letter of Credit for the Performance Bond.

By Procedural Order issued August 11, 2006, a hearing was scheduled for August 25, 2006 regarding JUC's request.

The hearing was held, as scheduled, on August 25, 2006.

On October 19, 2006, a Recommended Opinion and Order was issued.

On October 30, 2006, the Company filed Motion Requesting a Procedural Conference due to concerns it had with certain language in the Recommended Order. Due to these concerns, JUC decided to obtain a performance bond in the amount of \$500,000 thereby, in effect, withdrawing its request to substitute a letter of credit for the original performance bond requirement. JUC filed proof

1 of the performance bond on December 4, 2006 and indicated that the letter of credit it acquired from
2 National Bank of Arizona will expire on January 5, 2007, at the conclusion of its one-year term.

3 On November 28, 2006, a Procedural Order was issued scheduling a procedural conference
4 for December 12, 2006. During the December 12, 2006 procedural conference, JUC indicated that,
5 having obtained the required performance bond, the Company is now in full compliance with
6 Decision No. 68236 and therefore the docket should be closed. Staff agreed with JUC's request to
7 close the docket based on the Company's compliance with the prior Decision.

8 JUC filed a formal request for administrative closure on December 13, 2006.

9 On December 19, 2006, Staff filed a Response reiterating Staff's comments made at the
10 December 12, 2006 procedural conference in support of administrative closure. Staff also indicated
11 that it may request that the evidentiary record developed in this docket be incorporated into the record
12 of further (generic) proceedings through which the Commission considers the issue of whether it is
13 appropriate to permit public service corporations to substitute an irrevocable letter of credit as
14 security in matters which have typically involved a Commission-imposed performance bond
15 requirement.

16 IT IS THEREFORE ORDERED that the Company's Application for Administrative Closure
17 is hereby granted and accordingly, **Docket No. WS-02987A-05-0889 is administratively closed.**

18 DATED this 24th day of January, 2007.

19
20
21 
22 DWIGHT D. NODES
ASSISTANT CHIEF ADMINISTRATIVE LAW JUDGE

23 Copies of the foregoing mailed/delivered
24 this 24th day of January, 2007 to:


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Diane Rodriguez
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